REMARKS

Upon entry of the instant amendment, claims 67 and 88-92 and 94-96 are pending. As set forth in Paragraph 3 of the Detailed Action , Claims 104-112 have been withdrawn. Claims 67, 88-92, 94 and 95 have been amended to more particularly point out the Applicant's invention. It is respectfully requested that the claims define patentable subject matter over the prior art of record. The specification has been amended as set forth in Paragraph 5 of the Detailed Action. Also, a revised set of formal drawings is included which should overcome the objection set forth in Paragraph 4 of the Detailed Action. Accordingly, the Examiner is respectfully requested to provide favorable consideration of claims 67 and 88-92 and 94-96.

CLAIM REJECTIONS-35 USC § 103

Claims 67 and 88-92 and 94-96 have been rejected under 35 USC § 103 (a) as being unpatentable over Freeman et al US Patent No. 6, 249,775 ("the Freeman patent") in view of Levine et al US Patent No. 6,233,566 ("the Levine et al patent"). Claims 67, 88-92, 94 and 95 have been amended to recite that the vintage loan data is decomposed, i.e. disaggregated, by age or vintage component and a second component not related to the age of the loan. The dependent claims recite that the second component is an exogenous component. Thus, the claims recite decomposing vintage loan data by two separate components; an age component and another component not related to age. As set forth in Fig. 1 and page 4, lines 11-18 of the instant application, for example, loan maturation curves do not tell the whole story. As explained in detail throughout the instant specification, factors other than the age of a vintage loan affect performance. As used herein and defined in the specification, for example, page 7, lines 19 *et seq.* these other factors are not related to the age of the vintage loan and relate to external or exogenous factors , such as, competitive influences, marketing campaigns and other external factors. For example, a significant economic down turn, such as a loss of thousands of American jobs, is an external event that is not related to the age of a vintage loan, which undoubtedly would have a significant impact on the analysis of loan data for the purpose of predicting future behavior of the loans. Such external factors are not considered by the prior art system disclosed in the Freeman patent.

It is respectfully submitted that neither the Freeman patent or Levine patent illustrate a method for predicting loan behavior based upon two factors which include an age factor and a factor not related to age, such as an exogenous factor. Paragraph 7 of the Detailed Action indicates that Fig. 1A, Figs 2-4 and Col. 8, lines 9-44 of the Freeman patent disclose decomposing vintage data based upon by an age or vintage component and a calendar time component. It is respectfully submitted that the Examiner has mischaracterized the teachings of the Freeman patent. In particular, Fig. 1A of the Freeman patent illustrates the delinquency rates for four different vintage years of loans. As defined in the Freeman patent, the "vintage of the loan refers to the time when the loan or family or group or set of loans has originated or has been placed on the books of the lending institution." (Freeman patent, Col. 8, lines 12-14. Accordingly, it should be clear that Fig. 1A of the Freeman patent illustrates loan default rates for four different loan vintages, namely, 1993, 1994, 1995 and 1996. If anything Fig. 1A teaches away from using an exogenous factor, such as calendar year, to predict loan behavior. As the examiner will kindly note in Fig. 1A of the Freeman patent, the delinquency rates are based upon age of the vintage loans for all four vintages as a function of the age of the vintage in months and has nothing to do with calendar year or any other exogenous factor. Figs. 2-4 of the Freeman patent relate to comparison of vintage loan data of different vintages by age of the loan. Again, such a comparison is based solely on the age or vintage of the loan. Similarly, the reference to Col 8, lines 9-44 also relates to the age or vintage of the loan data for different vintages. In other words, predictions about future loan performance are bare based upon performance of vintage loans. In other words, Fig. 1A of the Freeman patent illustrates that the delinquency rates for loans increases the longer the loan has been on the books. As shown in Fig. 1A, this trend is shown for loans that were originated in four different years; 1993-1996 based solely on the age of the loan. Indeed, the abscissa axis of Fig. 1A is labeled as "AGE OF THE VINTAGE IN MONTHS". As such, it should be clear , it does not take into account any factors other than the age of the vintage loan. Furthermore, the claims of the Freeman patent all deal with a process based solely on the age of the loans. As a matter of fact, Paragraph 4 of the Detailed Action of the previous Official Action states that the Freeman et al patent does not disclose "decomposing …vintage performance data by … age factor and at least one exogenous factor.".

It is respectfully submitted that the Levine et al patent also does not disclose a system for decomposing vintage loan performance data into an age related component and a component not related to the age of the loans to forecast the performance of a vintage account. First, the Levine et al patent has nothing to do with a system for forecasting the performance of vintage loan accounts. Rather it relates to a system for valuation of a loan based upon current loan performance data . The loan valuation criteria is set forth in Table 2 in Column 9 of the Levine et al patent. As the Examiner will kindly note, the loan valuation criteria is based upon current loan data and is not related to the age of the loan or the performance of the loan. If anything, the Levine et al patent teaches away from the invention.

The Applicant would also like to address the issues raised in Paragraph 8 of the Detailed Action.

Issue No. 1

It is respectfully submitted that the Examiner is misconstruing the term calendar component. As used herein and defined in the specification , the term "time on the books" is not an external or calendar year based component (" Vintages may have an associated age , which is referred to as 'months-on-books' in banking." Instant Specification, Col. 4, lines 7-8). Even though the time on the books is determined by examining the calendar time when the loan was written, after the age is determined, the calendar time is no longer used to evaluate the performance of the loan. See Fig. 1A of the Freeman et al patent and the discussion above. A problem with prior art methods is that the age data may be skewed by an external factor, such as a loss of 50,000 jobs at a major corporation at a given point in time, say June 2007. The vintage data being based solely on age on books or vintage data does not take such external factors into account.

As defined in the specification, these external factors are based on calendar time. See for example, page 5 of the specification, lines 5-17. Neither of the references discloses a system for predicting loan behavior based on two factors, namely, the age of the account and another factor not based on the age of the account, such as an external or exogenous factor.

Issue No. 2

The point with respect to the *prima facie* case is that the references cited by the Examiner do not teach all of the elements of the inventions recited in the claims at issue. As mentioned

above, neither of the references teaches decomposing loan data by a factor other than the age of the loan. As such, it is respectfully submitted that the Examiner has failed to make out a *prima facie* case.

Accordingly, the Examiner is respectfully requested to reconsider and withdraw the rejection of the rejected claims.

Respectfully submitted,

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